



OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

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2007 JUN 22 P 3:19

AZ CORP COMMISSION  
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ORIGINAL

IN THE MATTER OF INTERCONNECTION  
OF DISTRIBUTED GENERATION  
FACILITIES IN THE GENERIC  
INVESTIGATION OF DISTRIBUTED  
GENERATION

DOCKET NO. E-00000A-99-0431

ARIZONA PUBLIC SERVICE  
COMPANY'S EXCEPTIONS TO THE  
PROPOSED ORDER

Arizona Public Service Company ("APS" or "Company"), through undersigned counsel, respectfully submits the following Exception in response to the Staff Report issued June 15, 2007 and the Proposed Order attached thereto, in the above-captioned matter. The Company acknowledges and appreciates the efforts by Staff in this matter and is in general agreement with the provisions set forth in the Staff Report and Proposed Order. The Company does take exception to Finding of Fact No. 39, which would eliminate the insurance requirement in ¶ 2.4 of the Interconnect Document, attached as an Exhibit to the Proposed Order. The Company has conferred with the other members of the Joint Utilities,<sup>1</sup> who all join in this exception.

Finding of Fact No. 39 provides that an Interconnection Customer is not required to provide general liability insurance coverage as a condition for interconnection. In the original draft of the Distributed Generation Interconnection Document ("DG Straw"), it was proposed that an Interconnection Customer would be required to maintain public liability and property damage insurance in the amount of not less than ONE MILLION DOLLARS (\$1,000,000) per occurrence. Residential customers who operate a static inverter based Generating Facility rated less than 50 kW would have been exempt from this requirement.

Arizona Corporation Commission  
DOCKETED

<sup>1</sup> In this docket, the Joint Utilities include: Arizona Public Service Company; Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Sulphur Springs Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc.

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*[Signature]*

1       The Company has concerns with the Proposed Order's proposal regarding the removal of  
2 the general liability insurance requirement for customers. As set forth in Finding of Fact No. 37,  
3 it is the Company's belief that the removal of the insurance requirement creates a potential risk to  
4 the interconnection customer, the Company, and other Company customers, specifically from  
5 third party related personal injury claims. Requiring an Interconnection Customer to obtain a  
6 general liability insurance policy and/or an umbrella policy would limit the risk to the  
7 Interconnection Customer and the Company from personal injury and wrongful death actions.

8       Additionally, the insurance requirement is by no means redundant to an indemnification  
9 provision. Indemnification is merely an agreement to assume financial responsibility for liability,  
10 whereas insurance policies address the Interconnection Customer's financial ability to honor the  
11 indemnification responsibility. Without an insurance requirement, there would be no financial  
12 assurance that an Interconnection Customer could fulfill its indemnification obligations.

13       The Company believes that it would be in the public interest to reinstate the insurance  
14 requirement as originally contained in the DG Straw and replace the first paragraph of Section 2.4  
15 of the Interconnection Document as follows:

16       *The Customers shall maintain public liability and property damage insurance in*  
17 *the amounts not less than ONE MILLION DOLLARS (\$1,000,000) per*  
18 *occurrence. Residential customers who operate a static inverter based*  
19 *Generating Facility rated less than 50 kW are exempt from this requirement. At*  
20 *no time shall the Utility require that the Customer negotiate any policy or*  
21 *renewal of any policy covering any liability through a particular insurance*  
22 *company, agent, solicitor, or broker.*  
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RESPECTFULLY submitted this 22<sup>nd</sup> day of June, 2007.

SNELL & WILMER L.L.P.

By: 

Robert J. Metli

1 Original and 13 copies filed this  
2 22<sup>nd</sup> day of June, 2007, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 COPY of the foregoing mailed on this  
8 22<sup>nd</sup> day of June, 2007, to:

9 All Parties of Record

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